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C O N F I D E N T I A L SECTION 01 OF 03 NEW DELHI 004619

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TAGS: PREL PHUM PTER EAID I2 IN

SUBJECT: AMBASSADOR JONES DISCUSSES INDIAN OPPORTUNITIES IN IRAQ

REF: A. NEW DELHI 4205

IB. NEW DELHI 4194

Classified By: DCM Bob Blake, for Reasons 1.4 (B, D)

I1. (C) Summary: In meetings with the GOI, strategic analysts, and journalists in New Delhi on June 10, Iraq Coordinator Ambassador Richard Jones encouraged high-level GOI participation at the upcoming US-EU conference on Iraq and suggested several priority areas in which the GOI may support political, economic, and security initiatives in the country. In his meeting with Amb. Jones, MEA Additional Secretary (East) Rajiv Sikri stated that GOI Special Envoy to

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West Asia Ambassador Chinmaya Gharekhan would represent India at the Brussels conference on June 22, but MEA later informed us that FM Natwar Singh will be the GOI representative.

Although time may be too short for face-to-face consultations on the constitutional drafting process, videoconferencing facilities could bring the two sides together on specific issues. The GOI plans to make another \$5 million deposit to the International Reconstruction Fund Facility for Iraq (IRFFI) this month, but is less interested in forgiving Iraqi debt, unless it is tied to future oil deliveries.

Considering India's extensive past experience working in the power sector in Iraq, Jones encouraged the GOI to consider local projects to increase the capacity of local electrical grids. Sikri confirmed that New Delhi is still interested in providing security training, but is waiting for a response from Baghdad. End Summary.

I2. (C) During a June 10 meeting with Ambassador Jones joined by Charge, PolMilOff and Joint Secretary (Gulf) Sanjay Singh, Secretary Sikri said that Special Envoy to West Asia

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Ambassador Gharekhan would represent India at the June 22 conference in Brussels (Ref A). Amb. Jones noted that most other countries would be represented at the FM-level and that the working lunch would likely be for ministers only. Sikri noted that Ambassador Gharekhan was appointed personally by the Prime Minister for this role because of his extensive experience in the Middle East and with the UN, and, according to Sikri, unlike most ministers who would be attending the Brussels conference, Gharekhan had just returned from meetings with the ITG in Baghdad (Ref B). (Note: Since this meeting, MEA informed us that FM Natwar Singh would represent the GOI at the Brussels conference. We believe this change is a result of Amb. Jones' advocacy for minister-level representation by the GOI, and the critical mass of other ministers expected, particularly Secretary Rice. End Note.)

Political Pillar: Focus on the Constitution

I3. (C) Noting important parallels between Indian and Iraqi government and society, Amb. Jones thanked India for its offer to help Iraq draft its new constitution, but thought that the August 15 deadline to complete the draft would preclude members of the constitutional drafting committee from visiting India. Jones did suggest, however, that members of the drafting committee might consult with Indian legal experts by videoconference on specific issues. Recalling India's relatively recent experience in drafting its constitution, Sikri cautioned against hastily drafting the document, stressing that it must reflect the aspirations of all Iraqis or be a source of discord in the future. Jones assured him that US and other members of the international community were pressing the Iraqis for broader representation by Sunnis in the Transitional National Assembly's constitutional drafting committee, but hoped that this could still be done within the timeframe set out in the Transitional Administrative Law (TAL).

Economic Pillar: Mobilizing Pledges, Forgiving Debt

I4. (C) With only \$2 billion mobilized from \$13 billion in pledges from the Madrid conference (not including the US contribution), Jones stressed that the Brussels conference would not be a donors conference, but an opportunity for the

international community to hear from Iraqis themselves about their priorities, and encourage donors to mobilize the balance of their pledges in line with these priorities. Sikri stated that the GOI planned to release another \$5 million of its \$10 million pledge this month. (Note: Sikri stated that \$5 million was the remaining balance of the GOI pledge, but according to the UN Assistance Mission for Iraq, to date, the GOI has only deposited \$2.5 million, not \$5 million, into the IRFFI. End Note.)

15. (C) Highlighting successful efforts to forgive Iraqi debt by the Paris Club and other countries, Jones also asked whether the GOI would consider forgiving some of the \$1.6 billion it holds in Iraqi debt. "We take a different view," Sikri said, explaining that, "Regimes may change, but states have a responsibility for their financial liabilities." According to Sikri, India has never defaulted on a loan, and depleted its foreign currency holdings in 1991 to repay its debt to the USSR, even as the Soviet Union was unraveling. While the GOI generally does not support writing off debt, India supported debt forgiveness for HIPC in 2002 as part of a World Bank initiative. Iraq, he said bluntly, does not fall in that category. Sikri added, however, that the GOI might be willing to tie debt "forgiveness" to future oil provision.

Generating Indian Interest in Electricity

16. (C) Jones went on to describe the results of recent opinion polls in Iraq which identified electricity as the single greatest demand of the entire population, even over security. Jones explained that while only 4 of Iraq's 18 provinces have critical security concerns, all provinces have a critical shortage of electricity. Even if electricity generation were at 100 percent, local power lines could probably only carry about 20 percent more electricity than now. Noting that India has a long history of large electricity projects in Iraq and has undertaken successful power projects in Afghanistan, Jones asked that the GOI consider assisting local communities improve their electricity distribution capacity. Such a project would employ local labor, provide visible and almost immediate improvement to local communities, and the GOI could target communities based on need and security. Sikri, in turn, asked about the need for social projects such as hospitals. Jones responded that there are many countries that are interested in assisting hospitals and schools, but few countries that have India's experience in the electricity sector in Iraq. Sikri stated that the GOI was interested in identifying projects that would resonate in India, such as with the countries' 15 million strong Shia population, the 2nd largest Shia population in the world after Iran, he noted.

Security Pillar: Police and the Rule of Law

17. (C) Jones described a two-track approach to improving security: increasing the number of Iraqi security forces, and simultaneously strengthening the rule of law. To date, 165,000 Iraqi forces have been trained and equipped, a number that will increase by about 10,000 per month reaching 270,000 forces trained and equipped by next year. Training takes place in Iraq, as well as at international police academies in Jordan and the UAE. Jones asked whether the GOI was still interested in security training. Sikri responded that New Delhi was waiting for a response from Baghdad on the Indian offer to train Iraqis in India, but he also expressed interest in learning more about the international academies. Jones also encouraged the GOI to consider programs to strengthen the newly independent judicial system as well as helping build a new penal system.

18. (C) Sikri inquired about the long term plans for a US military presence in Iraq, asking specifically about a UN vote that would extend US military presence in Iraq indefinitely. Jones clarified that for security reasons, the US would not give a timetable for withdrawal from Iraq, but would base its withdrawal on security-related conditions. Jones also stressed that, despite rumors to the contrary, the US had not asked, nor currently has plans to ask for permanent military bases in the country.

19. (U) Ambassador Jones cleared this cable.
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